



The PUC Implements Assembly Bill 57: Summary

**Briefing Before the Assembly Utilities and
Commerce Committee**

May 10, 2004



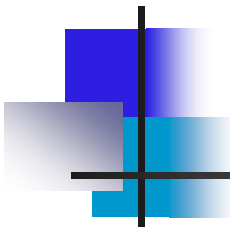
PUC Has Moved Rapidly to Implement AB57

- PUC began implementing AB57 in the fall of 2002
- Utilities resumed procurement on January 1, 2003, after PUC adopted 2003 short-term plans
- Utilities are financially stable and creditworthy, and are beginning to make long-term resource commitments
- PUC adopted a short-term operating reserve level and approved the utilities' 2004 short-term plans
- Utilities will solicit renewable contract bids by July 1, 2004



PUC Has Established a Long-Term Procurement Framework

- Load-Serving Entities are directed to meet a phased-in 15% to 17% reserve requirement by January 1, 2008
- Utilities must forward-contract 90% of their summer (May through September) peaking needs (load plus reserves) a year in advance
 - Starting in 2007, allowing utilities the flexibility to justify, on a case-by-case basis, excursions below this level
- Endorsed a hybrid market structure for generation, where utilities manage a diversified resource portfolio consistent with the preferences stated in the Energy Action Plan (EAP)



PUC Will Approve the Utilities' Long-Term Plans by the end of 2004

PUC will:

- Adopt plans that meet a range of needs
- Assess utilities' demand and supply-side forecast/proposals
- Authorize long-term competitive procurement processes
- Set upfront standards and criteria for cost-recovery of long-term procurement products
- Provide authority for short-term procurement covering 2005-2006, until the long-term plans filed in 2006 are adopted by the PUC